

-COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0874-02
Bill No.: HCS for HB 253
Subject: Regulates bail bondsmen
Type: Original
Date: February 23, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(less than \$100,000)	(less than \$100,000)	(less than \$100,000)
Insurance Dedicated	(\$25,205)	\$3,968	\$3,050
Total Estimated Net Effect on <u>All</u> State Funds	(\$25,205) to (\$125,205)	(\$96,032) to \$3,968	(\$96,950) to \$3,050

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Professional Registration, Office of Administration, Missouri Department of Conservation** assume the proposal would not fiscally impact their respective agencies.

In response to similar legislation from this year, officials from the **Department of Public Safety - Missouri Highway Patrol, Office of Prosecution Services, Office of the State Public Defender**, and the **Office of the Attorney General** assumed the proposals would not fiscally impact their respective agencies.

In response to similar legislation from this year, officials from the **Springfield Police Department, Jefferson City Police Department** and the **Boone County Sheriff's Department** also assumed the proposal would not fiscally impact their respective agencies.

Office of State Courts Administrator (CTS) officials assume the proposal would provide for changes in the licensing of bail bondsmen. CTS states that depending on how the proposal is implemented there could be an impact on the number of civil and criminal trials. CTS states that if there is a significant increase in the number of cases going to trial there would be a corresponding increase in state and local costs for the judiciary.

Department of Insurance (INS) officials state the proposal requires licensure by INS and makes changes to licensure requirements of bailbond and general bailbond agents. INS assumes they would require one Insurance Licensing Technician I and associated E&E to administer requirements of licensing the Recovery Agents and review and approve training courses submitted by providers. INS states the licensing technician position would also assist in administering the additional requirements of licensing bailbond agents. INS anticipates 400 recovery agents at \$100 licensing and renewal fee for projected revenues of \$40,000 annually. INS states the department would require contract program costs of \$29,000 to make modifications to the licensing system for licensing Recovery Agents.

In response to similar legislation from this year, officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY99 average \$35.61 per inmate, per day) or through supervision provided by the Board of Probation and Parole (FY 99 average \$2.47 per offender, per day). Supervision by the DOC through probation or incarceration would result in some additional costs, but DOC officials

ASSUMPTION (continued)

assume that the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

If long-range fiscal impact would prove to be an amount in excess of that which could be absorbed by DOC, any costs profiled in this fiscal note would be requested through normal budgetary request procedures for the time periods affected by passage of this legislation.

The need for additional capital improvements or rental space is not anticipated at this time. It must be noted that the cumulative effect of various new legislation, if adopted, could result in the need for additional capital improvements funding if the total number of new offenders exceeds current planned capacity.

Oversight assumes that the conviction and incarceration of only one person would create a minimal fiscal impact of less than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Cost - Department of Corrections</u> Incarceration/Probation costs	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(LESS THAN <u>\$100,000</u>)	(LESS THAN <u>\$100,000</u>)	(LESS THAN <u>\$100,000</u>)
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INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u> License fees/renewals	\$40,000	\$40,000	\$40,000
<u>Costs - Department of Insurance</u>			

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Personal service (1 FTE)	(\$19,803)	(\$24,358)	(\$24,967)
Fringe benefits	(\$6,600)	(\$8,119)	(\$8,322)
Expense and equipment	(\$38,802)	(\$3,555)	(\$3,661)
Total <u>Costs</u> - Department of Insurance	(\$65,205)	(\$36,032)	(\$36,950)
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$25,205)</u>	<u>\$3,968</u>	<u>\$3,050</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small bail bonding businesses in the state with increased regulations.

DESCRIPTION

This act contains new licensing provisions and regulations for bail bondsmen.

No person would engage in the bail bond business without being licensed by the Department of Insurance. Both general bail bond agents and bail bondsmen or surety agents would be licensed. General bail bond agents would act only through a licensed bail bond agent. A bail bond agent must hold an appointment by a general bail bond agent, and must have a numbered power of attorney. The power of attorney for the bail bond agent would be included with the application. Appearance bonds issued by the bail bond agent would not exceed the amount specified in the power of attorney. Each applicant must demonstrate that he or she has obtained a bond or insurance policy of at least \$300,000 for damage to persons or property caused by the applicant. Each applicant for a general bail bond agent must demonstrate liquid assets and assignment to the state in a specified amount based on the number of bail bond agents employed. No licensee may make deals with listed officials or attorneys in order to reduce the amount of a bond. A licensee may not accept anything from a principal other than the premium or collateral security.

The proposal lists the grounds for discipline of a license, as well as the procedure for such an action before the Administration Hearing Commission. The Department of Insurance would

DESCRIPTION (continued)

investigate the bail bond business transacted in the state, including all violations of the bail bond law.

This proposal also requires bail bond agents to notify and submit certified copies of all pertinent paperwork to local law enforcement officials prior to making or attempting an apprehension. Local law enforcement officials may accompany the agent. Violations of this section will be a class A misdemeanor for first offenses, a class D felony for subsequent offenses, and a violation of Section 374.755, RSMo. Bail bond agents who wrongfully cause damages to persons or property are liable for the damages, which may include punitive damages.

The proposal has a penalty provision.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance
Department of Public Safety - Missouri Highway Patrol
Office of the State Public Defender
Office of the State Courts Administrator
Office of Prosecution Services
Springfield Police Department
Jefferson City Police Department
Boone County Sheriff's Department
Department of Economic Development
Division of Professional Registration
Office of Administration
Missouri Department of Conservation
Office of the Attorney General
Department of Corrections



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